

A sunset over a body of water. The sun is low on the horizon, creating a golden glow across the sky and reflecting on the water. In the foreground, the back of a boat is visible on the right. In the distance, a lighthouse is visible on the left. The overall mood is serene and peaceful.

Your Financial Review & Monitoring Checklist

The Spirit of Bermuda
Scott Stallard Photography

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Step Seventeen - Financial Monitoring Checklist

Dawn Of New Beginnings Financial Monitoring Checklist

Your Bermuda Back-2-Basics Financial Review is Over.



You've reached the Lightness of Being - in Financial Control of your finances, in our unique Bermuda financial environment.

Bermuda's Coat-of-Arms is Quo Fata Ferunt, meaning wherever the Fates will Lead Us.

You do not embrace that motto.

You be in control of your financial destiny!

This is the final step of a long, hopefully exciting, illuminating review of all of your Bermuda financial resources in order to improve your financial Lifestyle

Did you do it?

Congratulations. You've run the course - gone through frustration, boredom, and lack of confidence, now you are just about at the end.

What was your outcome? Were you happy with your financial review? Was it fun, frustrating, or just plain depressing?

Do you feel more in control of your financial life now?

Did you think it was a good idea to review your personal finances, but then never got around to it?

Do it now. It is never too late to start.

The prevailing reception that ran throughout the original 16-week articles in the Royal Gazette (not this 250+ page plus scrutiny) of the original Fundamental Financial Review in 2015 - was positively exhilarating, with more inquiries in personal finance than ever before, and from as far away as New Zealand.

I hope those of you who struggled through the "I Just Don't Know What I Bought That Day" budget category got things sorted out.

We can all learn something from that classic exercise, and it is this.

It is not the big
expenses that put
us in the **Red**.

We all fritter away more money on little every-day treats, food, drink, and random purchases that we do not need.

It all adds up – to big numbers at the end of the month. If you have done nothing else but control this impulse spending, you have come a long way, readers.

Just a few financial housekeeping chores left to wrap up your financial review to dramatically improve your financial lifestyle.

You've realised you have some gaps, say in life or property coverage; you saved a bit and now would like to start a small investment fund; or, you know that you seriously need to update your estate plan and will.

Where do you start?

You may consider DIY-do it yourself, or perhaps, you would rather work with a qualified planning professional.

You will be challenged because you must undertake a basic understanding of three items:

- Understand the Bermuda Financial Environment and how it affects you, your budget and your family planning;
- Understand the qualifications of an individual finance person you choose to work with;
- Understand the financial product you may purchase;

And honestly, you must Learn how to USE the Internet to your advantage!

Since February 26, 2000, I have written a weekly Moneywise column - more than one thousand (1,000) articles to date on a wide range of illuminating financial subjects for the Personal Finance section of the Royal Gazette, Bermuda's national newspaper.

My opinions, rants (sometimes) and experience in offshore (and onshore) financial matters, and feed-back from readers, have ranged the gamut. People still ask me how I can possibly find topics of interest.

The answer!

Our finances are the biggest concerns in our lives next to our relationships and our health. There is a never-ending stream of current financial topics to understand. It is my mission always to help with that understanding.

I have a serious personal commitment To You, dear Reader, who may be reading this.

I care deeply about your financial success, and those of the loyal Readers of the Personal Finance column, Royal Gazette, Bermuda

Resources and references have been provide throughout to allow you to perform you own due diligence, independently of advice from friends, relatives like your BIL (brother-in-law) or your aunt who truly care about you and profess to know all things financial (maybe they do), your pastoral counsellors (God love them), an outside visiting "axpert" who is actually a financial salesperson ready to sell you the latest "hot" investment, your local banker, the butcher, baker, candlestick maker and more.

All the best, now it is up to you!

Martha

Wrapping Up the Residuals and Future Monitoring of Your Financial Matters

- Get your Life Goals in Place. Keep them in mind at all times. Biggest goal to buy a home? Paste up pictures of your dream home - everywhere - in your current residence. It will motivate you!
- Continue to Monitor Your Bank, Investment, Pension, Insurance Accounts from your plan review for the next year and the next and the next.
- Set up a reminder schedule that you are comfortable with, particularly if you are on a savings binge.
- Review your cash budget weekly, or monthly, or as best as you. Once you've successfully met your first savings goal, by controlling your expenses, you can back off to once a month.
- Set up another savings goal for the next new thing that you'd like in your life: a home, a new car, a vacation, a growing savings and investment fund(s).
- Review your Bermuda National Pension account immediately after receiving the statement. If the account is deficient, notify the Pension Commission immediately. The faster you react, the faster the contribution deficiencies can be rectified, or at least stopped. **Waiting six months or a year to review your pensions statements may be too late to attempt to recoup those late, or delinquent contributions.** If you only receive semi-annual statements, then open your pension account online for review, monthly.
- Check on your Social Insurance Old Age Contributory fund by calling or stopping in to the Government Social Insurance department. The warning is the same as the pension scheme. You must consistently keep track of your contributions!
- Reviewing personal investment accounts and the investment component of your pension plan statements quickly once a month, or pull down the current fact sheets of your investment firm's (bank) website. We will be covering investments in a new series in late 2022.
- In the meantime, if you don't understand what you have invested in, send me a current fact sheet. I will review and comment to you.
- Make sure you are protected for contingencies: property / vehicle/ health/life insurance up-to-date, cash cushion in place, work/career ears to the ground - always watching for the next opportunity to succeed, and to plan ahead if redundancy is looming.
- Assure that your life insurance policy(s), will, and pension have the right beneficiaries.
- Make a will, get your health care directives in place - take care of your family
- Finally, take care of yourself: physically, mentally, holistically, emotionally, and spiritually.
- You are important to this world, your family and community.

Repeat.

Stay the course, now.

Don't let things slip.

Remember always.

You control your financial future!

Should You Work with a Qualified Financial Planning Professional?

It also could be - the establishment of a one-on-one relationship with a knowledgeable, experienced, qualified financial planning professional who will, in a fiduciary client interest-first proscribed documented format,



The Alphabet Soup of Financial Advisors Credentials

- A. Assess your personal situation (with feedback from you);
- B. Review and Analyse your financial, and non-financial data;
- C. Present written objective recommendations with strategies to solve financial problems;
- D. And provide guidance on how best to implement your financial goals.

Caution for Readers! Scepticism is a necessary investment research component

The Alphabet Soup of credentials. Regrettably, the term financial planning has become a generic commodity these days. It is a marketing hook for all things financial, from selling a mutual fund to purchasing a home; so much so that in many

cases, the perception of what planning is, what it can actually accomplish (or not) has become blurred.

Readers, you must be careful to exercise due diligence at every phase in your financial planning to be sure that what you are doing and the advice you are receiving is unbiased from qualified, conflict-of-interest-free financial planners. There are many trusted advisors available, so you have choices in deciding on an experienced qualified person, a fiduciary and one that makes you feel comfortable.

See more details on How to Choose a Trusted Advisor in Book Three of the Bermuda Fundamental Financial Planning Primer Series – Tacking & Turbulence. The First Bermuda Investment Primer.

Does Everyone Need a Plan?

Some in the industry would say, yes, others would argue definitely not always.

Sometimes, a full financial plan is overwhelming in length, depth, and time to implement. **It becomes such a hurdle that nothing ever gets done.**

Focusing on one aspect of a plan at a time can accomplish more.

This is a new directional trend that people getting their finances up to par find appealing and achievable.

There is no doubt, though, that at some point in life most people will need some sort of a financial plan. Now whether they will admit it or not, and whether it is formalised or not, is another issue – **but without some type of financial structure, those who fail to plan, are planning to fail. You've heard this quote many times, I am sure.**

How will you know whether you need (or don't) a plan?

Start with the questions below, and if you answer yes to more than a couple, you'll have to think seriously about some professional help.

Then review the Trigger events - many also listed below - that may necessitate working with a qualified planner, or a team (legal, financial, holistic) to resolve your complicated issues satisfactorily.

- Cash Flow Projections: Are you the kind of person who feels your finances are totally out of control?
- Do you have neither time nor inclination to refine management of cash, accumulate savings, and start a serious long-term investment program?
- Do you have a savings allocation for contingencies and liquidity?
- Assets – Are your investable assets producing for you, or are you wasting opportunities. Don't forget, you are your most valuable asset.
- Liabilities - do you have high debt?
- Do you want to restructure your loans to be more manageable?
- Are you struggling with reducing credit card debt or education needs?
- Risk management: Do you have any life insurance?
- Property and casualty?
- Do you have any idea how much you should spend and what coverage you really need?
- Investing:
 - Do you want to invest?
 - Any idea how to invest?
 - Do you know what your investment knowledge level is?
- Or do you just want to pass the entire job over to your advisor.

- Do you have any retirement savings?
- Do you have any idea how, where, when, and with what you will consider retiring?
- Estate and trust planning:
 - Do you have a will?
 - Have you protected your property with the Primary Homestead Resident Certificate?
 - Do you have a medical health care directive, or a power of attorney? We won't live forever, you know! Of course, we are very sure that we will never leave this dear earth as a young person, either.
- **Personal Goals: do you have several financial goals that you wish to achieve and need guidance and counselling.**

Significant Impending Life Event Triggers:

Are you experiencing significant changes, such as any of the following life happenings?

- Annuity distribution decisions, domestic, foreign pensions
- Retirement
- Redundancy
- Deferred compensation payment, stock options and benefits
- Significant changes in lifestyle creating demands on investment portfolio, which will require an objective review
- Divorce, marriage, extended family support issues
- Serious disability, special needs, or illness in family of child, or breadwinner, etc.
- Recently widowed, loss of partner in relationship or business
- Beneficiary of an inheritance
- Proceeds from sale of, or investments in, real estate, securities / investments

- Mortgage finally paid-off!
- University financing
- International / domestic tax connections and liabilities
- Property investments abroad
- Obtaining another citizenship, e.g. United States, Canadian, UK,
- Expatriation - US citizen, US green card holder
- Lump sum Settlement of an insurance policy, lawsuit, lottery winnings, bonus
- Investment knowledge upgrade, choosing an advisor
- Starting a business, incorporating, selling a business
- Organising an estate, making a will, settling a trust,
- Immigration to another domicile
- Personal relative Eldercare, and accompanying long-term maintenance of real property

Should You Pay Fees -

If you need professional planning guidance? The debate regarding the method of compensation for obtaining a plan remains largely unsettled, with basically two opposing methods. The first group feels that financial plans should be free, but that statement is a complete misnomer because the client will pay a fee to purchase a financial product, be it investments or insurance, or another investment structure.

This method may work quite well for the client whose ultimate goal was to simply purchase an investment anyway.

But what of the client who has

- a specific life issue,
- or financial problem that cannot be solved by buying an investment product,

- or one who is not at the stage where they even feel comfortable investing,
- or a person who has multinational, multi-jurisdictional personal and business connections,
- or even a person who has as many investments as they absolutely need, but still desire some very personal financial consulting?

These clients (and many more) fall into the advocates of the second financial planning camp, those who provide separate-from-any-financial-product independent financial advice for a fee.

How much for an independent financial planner, that is the real question?

Fees will range according to needs assessment, amount of analysis and consulting needed.

You may only need an hour of a qualified advisor's time to a full plan for your entire profile. What you pay should be declared upfront and provide a clear-cut value for money.

And if you think that paying fees for financial planning seems expensive, consider two things:

1. Just about every security transaction (touting free financial planning) charges a fee that may be obvious, or may be embedded in the purchase price, e.g. every mutual fund investment purchase may have a commission attached, i.e. invest \$10,000 in a mutual, 5% (\$500) of that pays your advisor. Annuity fee and commissions may be even higher.
2. Secondly, no planning at all may ultimately generate huge fees to 'fix' the mistakes in say a portfolio of losses, a completely incorrect handling of a foreign tax issue, or to sort out an estate.

How do you know if paying a fee for financial planning is worth it?

In the final analysis, what you receive in terms of any described financial plan, should be advice that is specifically tailored for you.

- It should be easy to understand, but not so generic as to have little relevance to your life needs;
- short and simple to read, not 10 – 50 pages of pie charts and numbers - bet you never thought your financial life could be so extensive;
- easy to implement by yourself – or if more complex tied to the planner/advisor working with you along the way to be sure that the recommendations for various phases all correlate;
- provided by a fiduciary, a planner that must put your interests first: and
- gives you a comfortable feeling, a feeling of real serenity that your personal financial plan structure will get you to where you want to go.

It's time to plan for the future!

Trust, but Verify should be your new mantra.

All of the above types of financial planning professionals are, in general, well intended, but a basic cynic like me, under my professional fiduciary standards, must independently verify all information provided to me including an individual's credentials who may be holding out as an "advisor."

Disclosure. This verification has credibility - I no longer am practicing as an international financial planning practitioner and have no conflict of interest.

- **Get the facts, no embellishments.**
- **Either your advisor is qualified, or he/ she is not. Ask for the credentials!**
- **Always get the truth.**
- **You too must be prepared to verify before making your own informed decisions.**

Why do you need to do this? There is a literal massive alphabet soup of financial representatives out there, most legitimate, but some with nothing more than a six-week course touting a business card and certificate that is intended to represent far more knowledge and investment experience than these individuals actually have.

Additionally, nefarious scammers, hackers, misrepresenters of qualifications, and fraudsters are all lurking thereabouts to take advantage of your trusting nature, limited knowledge of complex financial products, your feelings of intimidation, subliminal peer pressure, and or misunderstandings of how our economy affects your financial interests. Keeping current on financial issues and being aware of how to detect threats to your financial existence (even on a small scale) is extremely important.

No one else can do this for you.

Case-in-point, a true scammer story.

“But he was a nice-looking gentleman wearing an expensive suit.

She came to see me a number of years ago. “I invested most of my savings with this man, who came to one of my social circles in our church. He seemed so nice; some people seemed to know him. I thought he had credibility and the return he offered on this investment was really good.

So, I gave him more money than I could really afford. I haven’t seen any interest payments and now, I cannot get any reports from him; the phone just goes to voice mail; he has never called back, and of course, he lives in another country.

Can you help me get the money back?”

My regretful answer. **PROBABLY NOT.**

Probably not, this is person long gone with the money, too.

A quick Internet search revealed criminality, tax fraud, and indictments linked to this individual.

Use the Internet to your advantage.

Many people still don’t want (or can’t) enter the Internet Age. Yes, I realise that not everyone can afford a home computer, the monthly cost, and all of those related items. But, you probably can afford a smart phone – the next best thing to a standing computer. It will work to your advantage to stay informed.

Overall, though, the toughest part for many is actually learning how to use these electronic devices to the fullest extent. Yet, they can be your best protection against misunderstandings of financial products and outright fraud.

In today’s hacker environment, waiting 30 days to review an investment portfolio or bank statements allows Internet theft to happen long before you ever find out, certainly, or can have the transfers stopped!

For instance, in suspected credit card fraud, the cardholder must notify the credit card company within 48 hours. **After that, your chances of reimbursement are almost - nil.**

Internet search engines, such as Google, are your friends. If you cannot find adequate information on a product or a service to make an informed decision, write to me. I will help.

References & Resources

Alphabet soup of financial registrations: Some legitimate, some may not even have a six-week course in finance. It is vital to be CONSUMER BEWARE.

Research these work-permit holders frequently employed in Bermuda - home country national web-sites for information on your advisor. See below.

Also note, that Bermuda does not license or register financial salespersons, planners, brokers, and so on. It is up to the finance company as employer to verify the credentials of their financial advisors.

Bermuda Investment Business Act 1998

Bermuda Investment Business Guidelines 1999

Professional Designations

Verifying a financial advisor's credentials: you can write, call, or research online for these various categories.

The Alphabet Soup of Financial Certifications
Google investopedia

Certified Public Accountant and Chartered Accountant License

United States: search individual state boards of accountancy, if known where the individual was licensed, e.g. Martha C Myron NH#1929, current licensee through June 30 2024

Canada. Chartered Professional Accountant: CPA Canada

Bermuda. Chartered Professional

Accountant: CPA Bermuda Chartered Account: United Kingdom

UK. Institute of Chartered Accountants in England and Wales (ICAEW)

Certified Financial Planner designation

Certified Financial Planner CFP® – US CFP Board of Standards

Certified Financial Planner, CFP™ – UK Chartered Institute for Securities & Investment 2020 Brokers; Investment Advisers; Investment Managers; Wealth Managers; Financial Planners; Financial Advisers; Discretionary Fund Managers; Private Bankers and Portfolio Managers

FP Canada Institute – CFP® QAFP CIFP

Chartered Financial Analyst designation CFA®

CFA Institute Inc. US – global certification, search by country, or name to locate a member

CFA Society of the UK CFA Societies Canada CFA Society Bermuda

Security Licenses: Investment brokers and more specialized categories.

United States. FINRA Financial Industry Regulatory Authority Credentials:

Securities Industry Essentials(SIE), Series 3, 4, 6, 7, 9/10, 14, 16, 22, 23, 24, 27, 28, 30, 31, 32, 34, 39, 50, 51, 52, 53, 54, 57, 79, 82, 86/87, 99

Broken into levels: FINRA- representatives and principals, municipal securities (MSRB), national futures – NASAA 63, 65, 66

Canada. Canadian Securities Institute A Moody's Analytical Company

Credentials: FCSI® PFP® CIM® CIWM MTI®

United Kingdom. FCA Financial Conduct Authority - Chartered Institute for Securities & Investment 2020. Brokers; Investment Advisers; Investment Managers; Wealth Managers; Financial Planners; Financial Advisers; Discretionary Fund Managers; private Bankers and Portfolio Managers

Insurance Licenses

US. NIPR National Insurance Producer Registry CPCU ChFC

UK. Chartered Insurance Institute

Canada. Insurance Institute CIP® Chartered Insurance Professional FCIP® Fellow of prior.